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# Emerging Issues from a Natural Gas Local Distribution Company's Perspective

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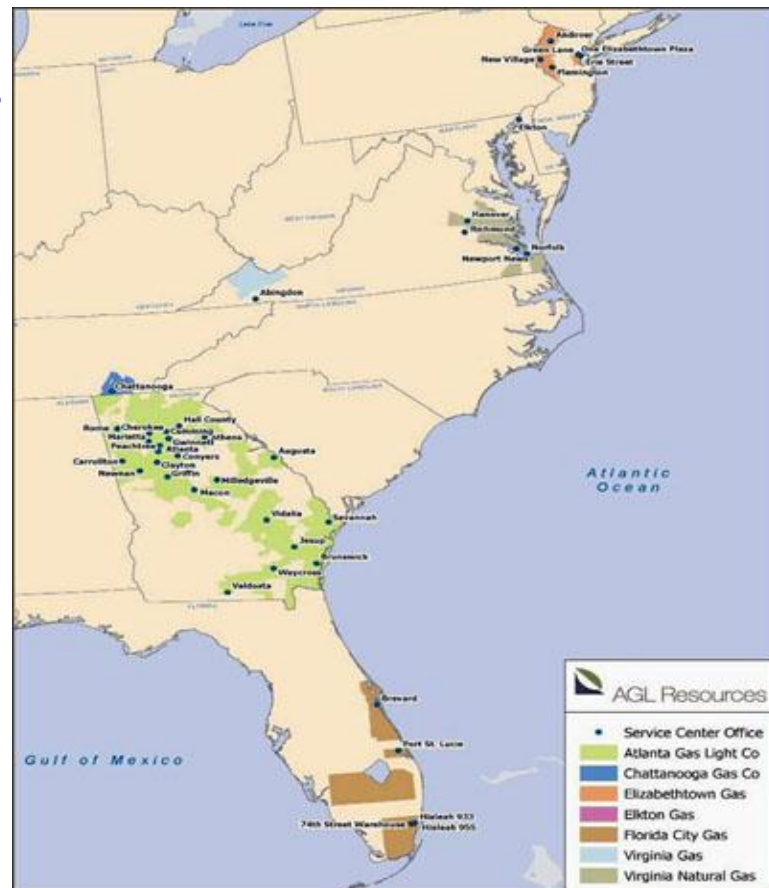


AGL Resources

**Bryan Batson**  
SVP, Governmental & Regulatory Affairs

## Currently Six Natural Gas Companies

- 2.3 million customers in six states
  - Atlanta Gas Light (1.6 million)
  - Chattanooga Gas (61,000)
  - Elizabethtown Gas (273,000)
  - Elkton Gas (6,000)
  - Florida City Gas (104,000)
  - Virginia Natural Gas (271,000)



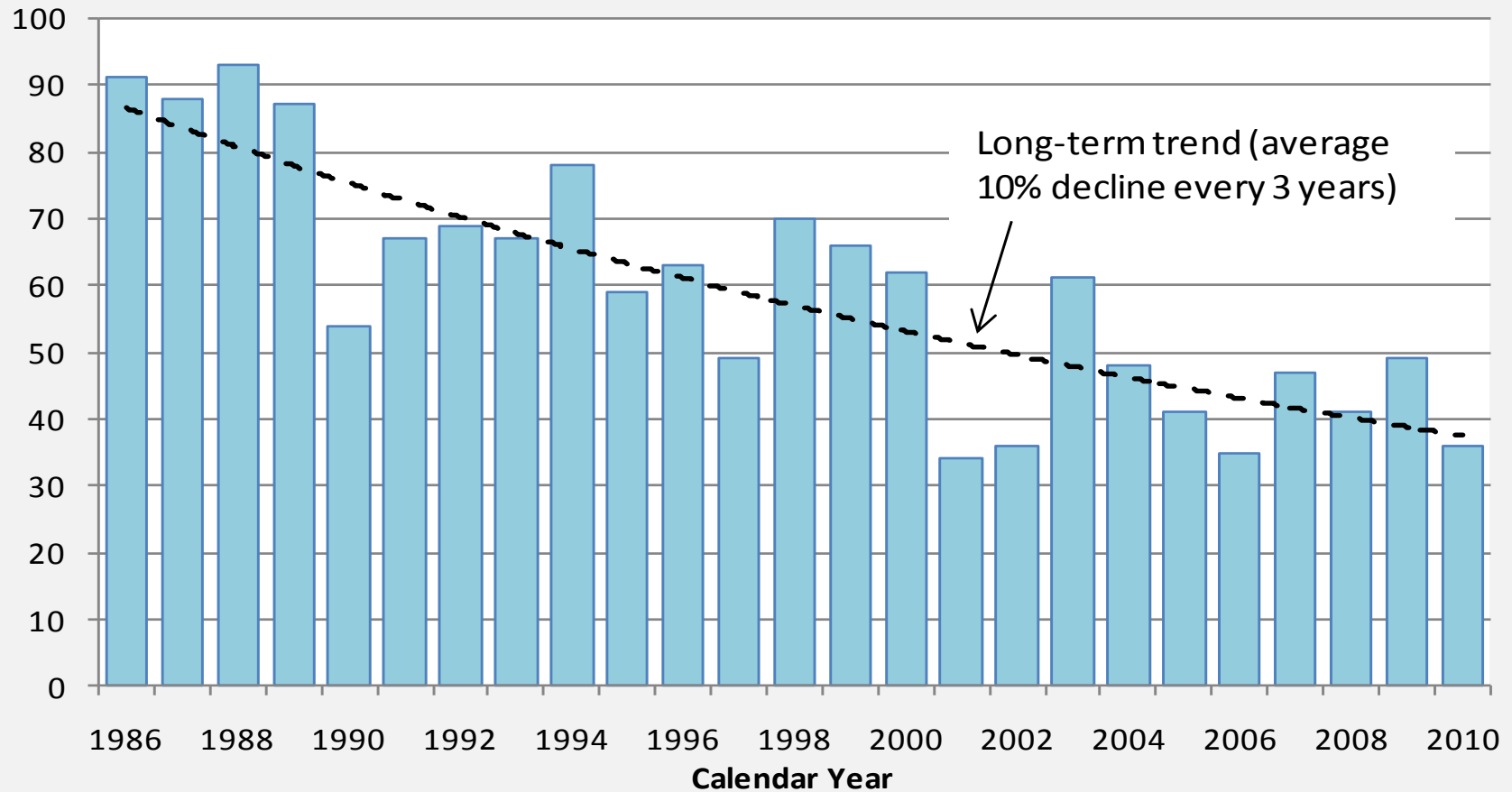
# Recent High Profile Accidents

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- ***Deepwater Horizon***
  - Not Federal PL Safety Regs. but public and Congress drew parallels
- ***Marshal, Michigan***
  - Major Crude Oil Spill in Michigan
- ***San Bruno, California***
  - Major tragedy – Unimaginable Proportions
- ***Allentown, Pennsylvania***
  - Major tragedy – Cast Iron infrastructure
- ***What Do These Have in Common?***
  - Perhaps Very Little

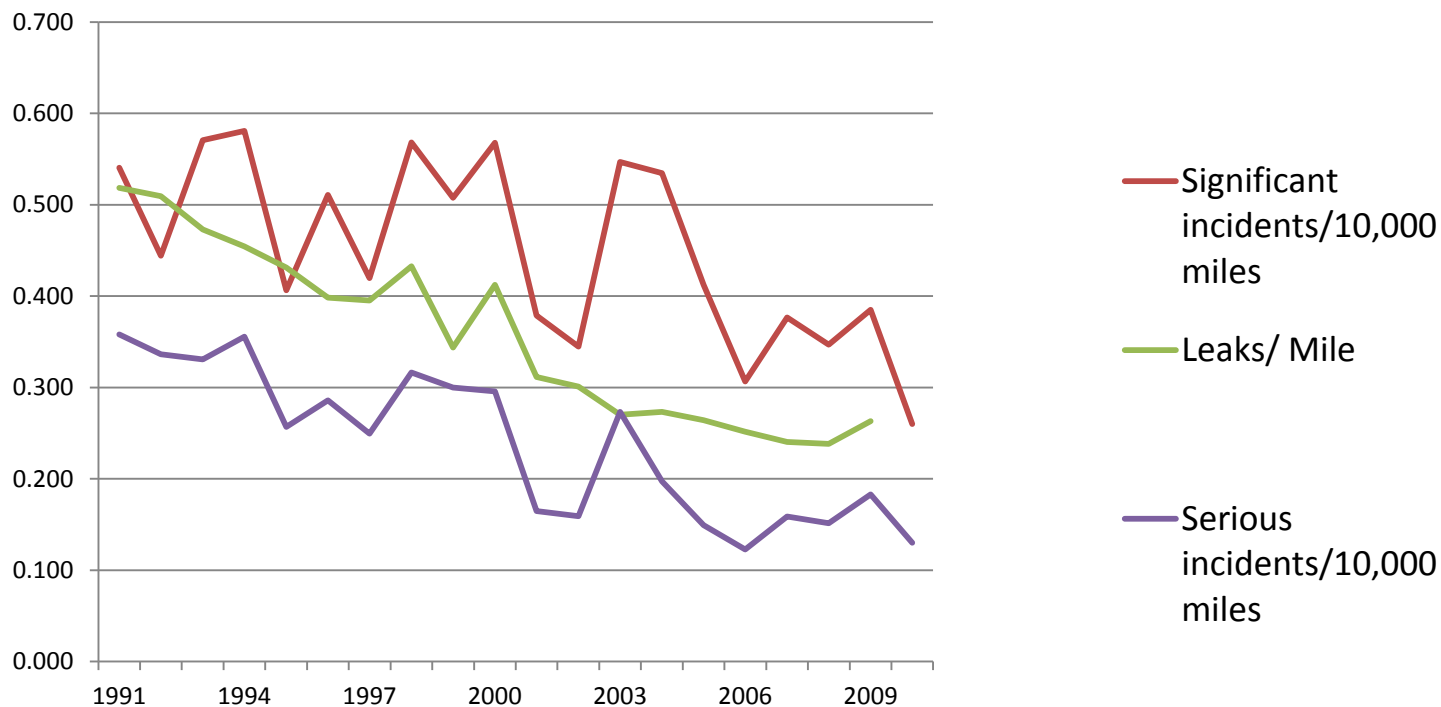
# Trends in Pipeline Safety

## Pipeline Incidents w/Death or Major Injury (1986-2010)



Data: DOT/PHMSA Pipeline Incident Data (as of Jan. 19, 2011)

# Dist. Safety Performance: Leaks, Significant & Serious Incidents

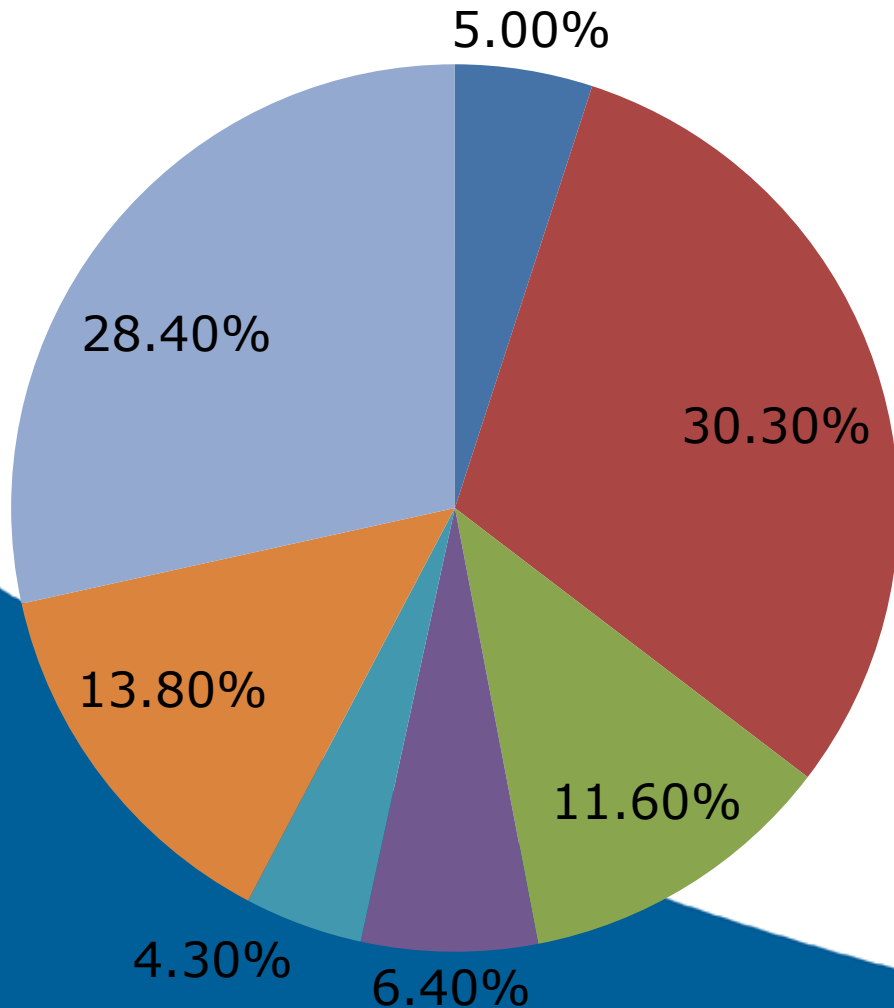


Note: Leak and mileage data for 2010 is not yet available. 2010 Incidents are per 10,000 miles using 2009 miles.

\*Pipeline and Hazardous Materials Safety Administration (PHMSA)

There is clearly a disconnect between what the public perceives as an aging, failing infrastructure and data that shows improvement with continual downward trends!

# Causes of Distribution Incidents

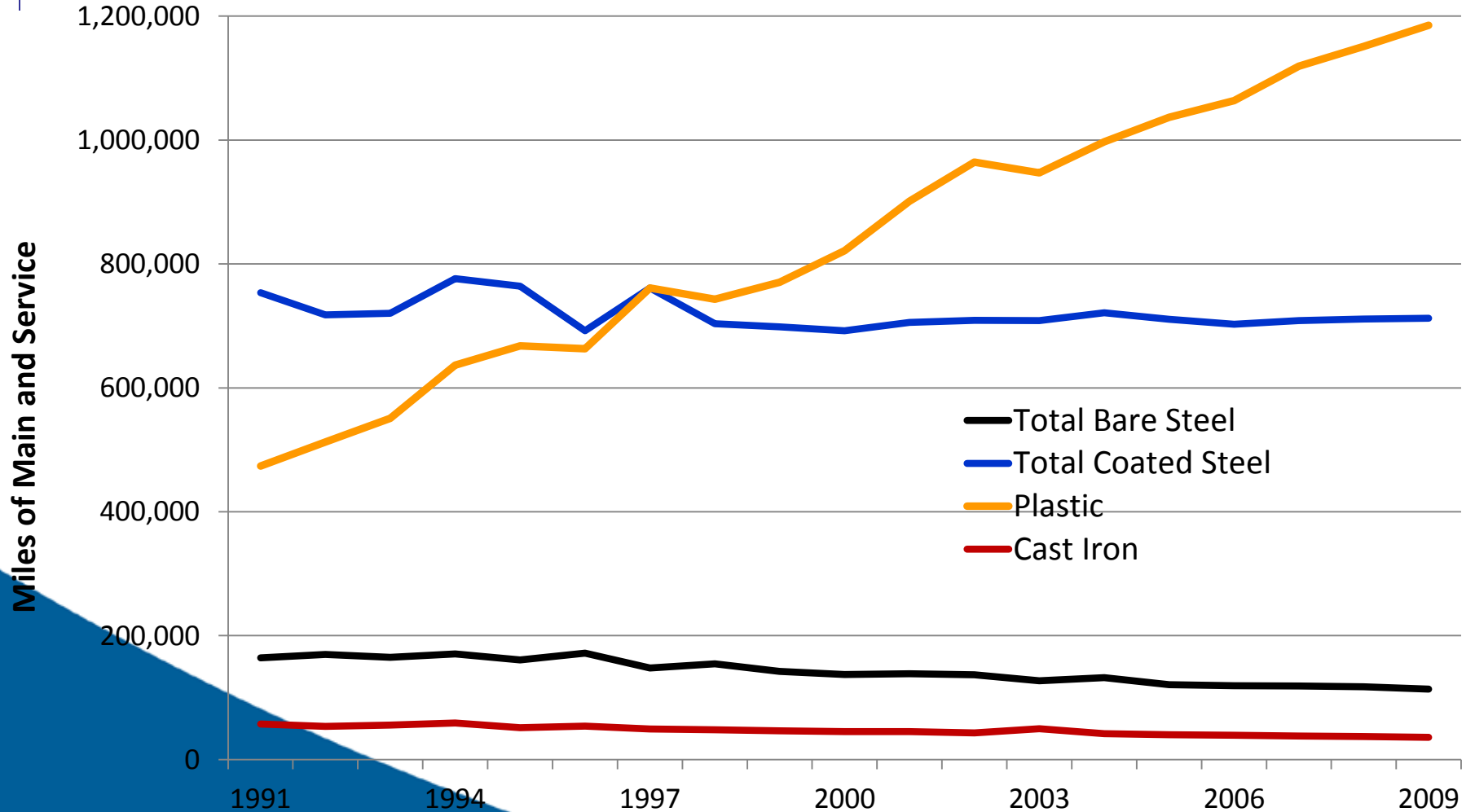


2001-2010

- CORROSION
- EXCAVATION DAMAGE
- INCORRECT OPERATION
- MAT'L/WELD/EQUIP FAILURE
- NATURAL FORCE DAMAGE
- OTHER OUTSIDE FORCE DAMAGE
- ALL OTHER CAUSES

\*Derived from PHMSA source data

# Change in Materials: 1991 - 2009



\*PHMSA source data



Atlanta Gas Light

- ***Cast Iron and Bare Steel Infrastructure***
- MAOP Verification (maximum allowable operating pressure)
- ASVs/RCVs (automatic shutoff valve & remote control valves)
- EFVs (excess flow valves)
- Emergency Response
- HCA expansion (high consequence area)
- Information Sharing



Pair of pneumatically operated 24 inch valves at MAOP 1440 psig

# A Practical Example for Atlanta Gas Light

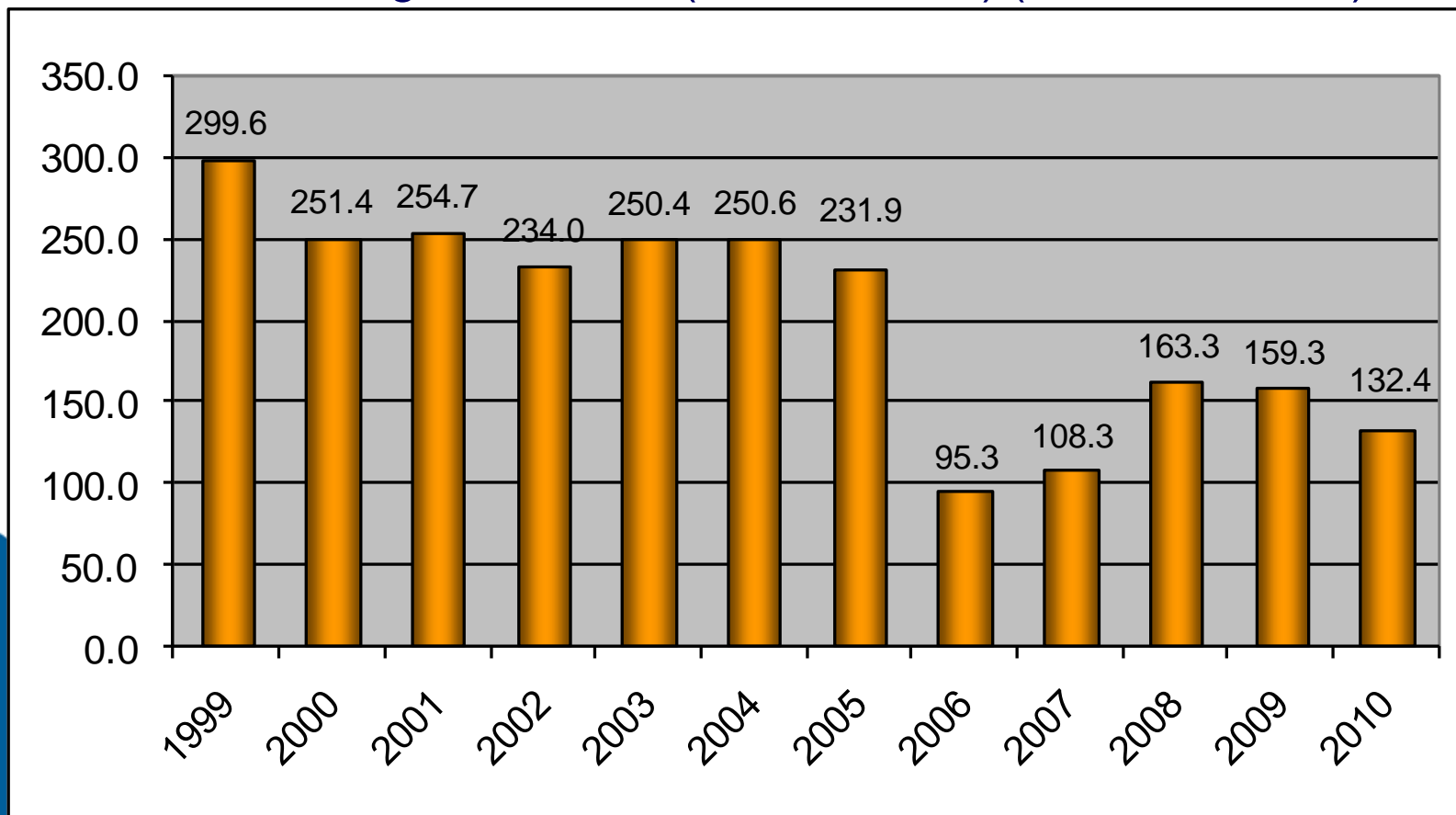
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- Company had about 2400 (2700\*) miles of bare steel and cast iron (BS/CI) when we began
- Company historically averaged replacing 20+ miles per year (Up to 60 miles)
- Georgia Public Service Commission (GPSC) and AGL negotiated a Stipulated Agreement to address various issues on **June 10, 1998**

# So How are we Doing?

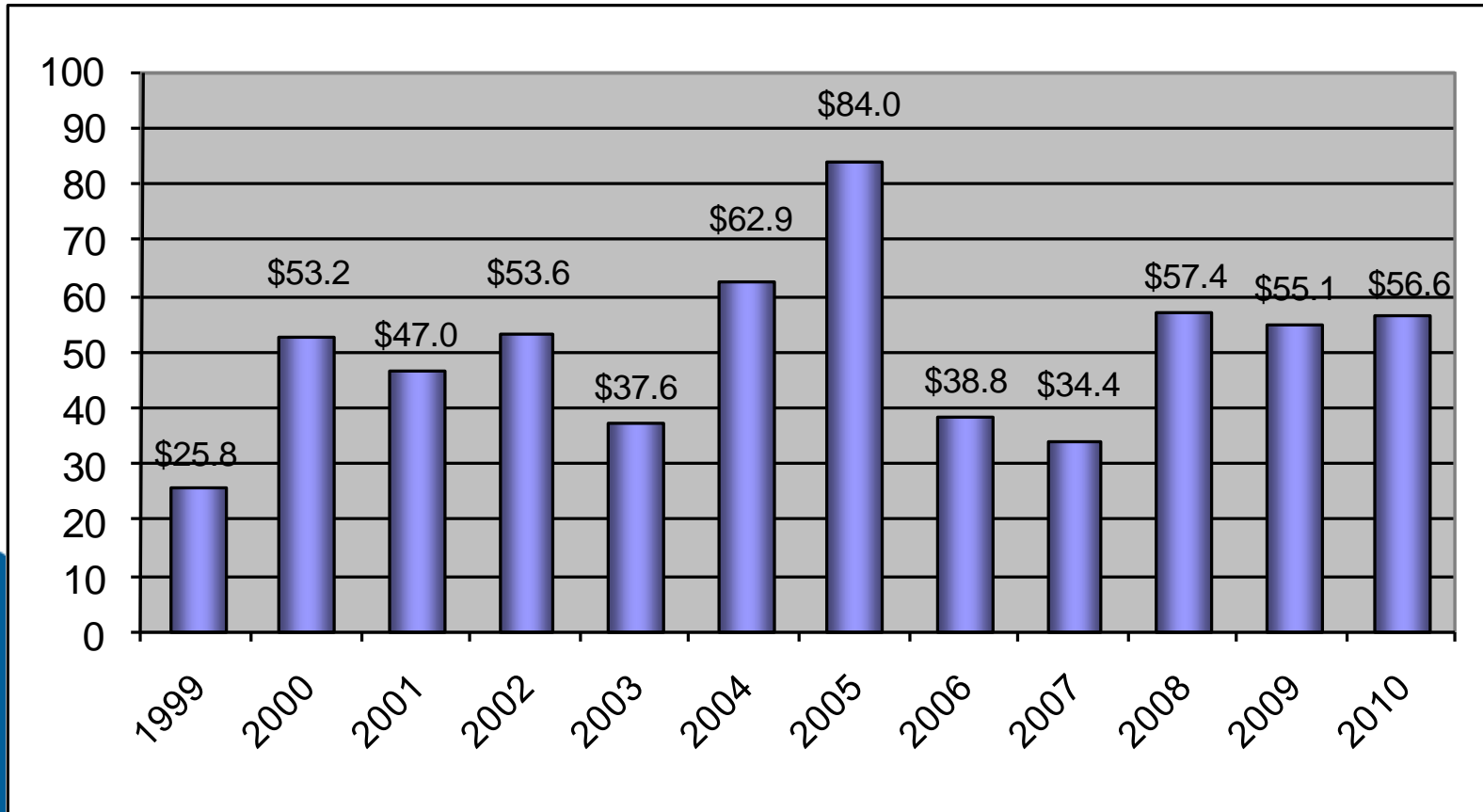
## PRP Main Retired - 2,431 miles to date

Oct 1998 through Dec 2010 (2"-24" retired) (2"-36" installed)



# So How are we Doing?

## PRP Capital Spend - \$606.4M to date October 1998 to Dec 2010



\* Recovery Year runs July to June each year

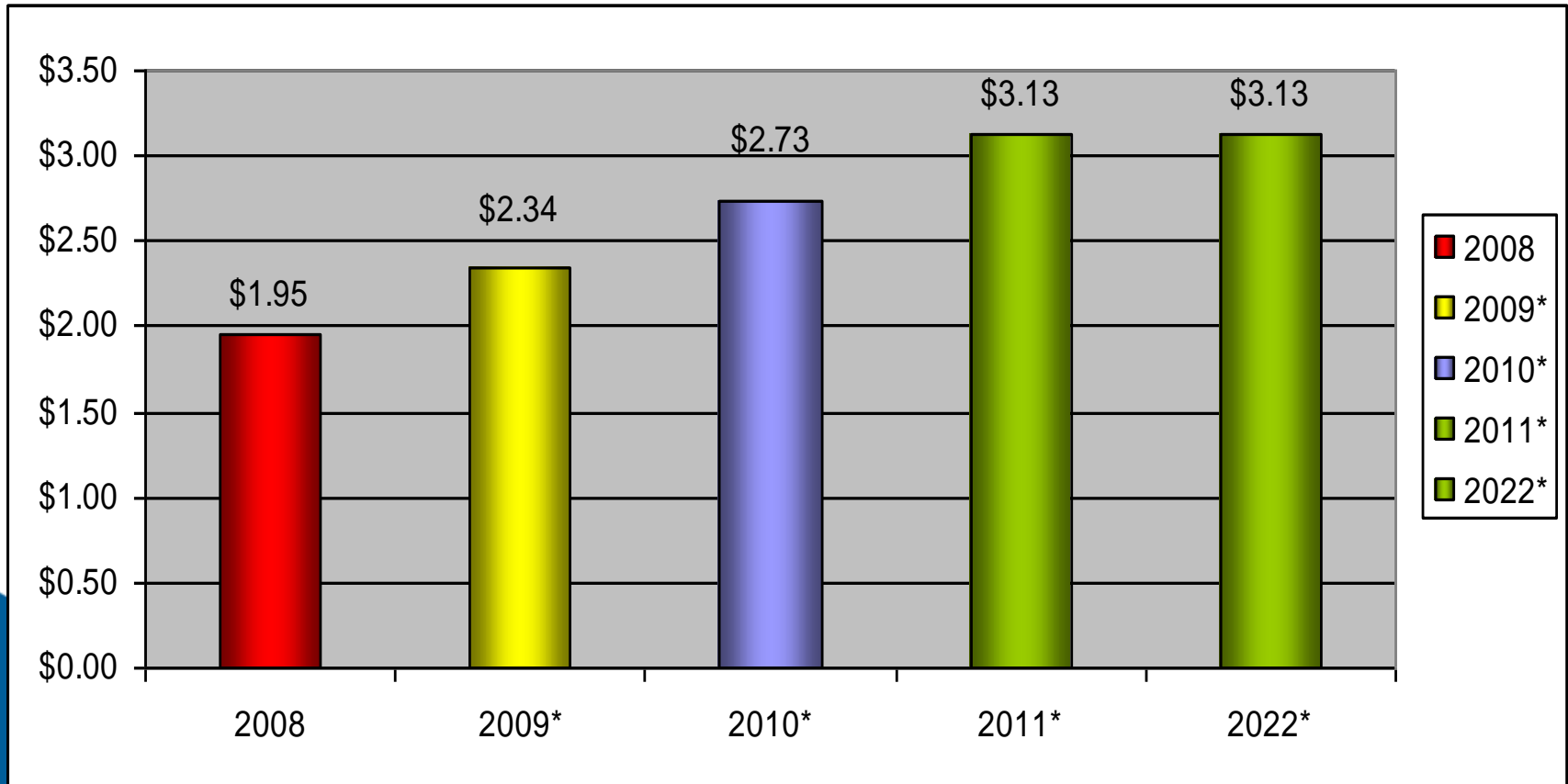
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# The Georgia Commission has chosen to use the Replacement Program to address other risks!

- Oct 09 – Strategic Infrastructure Development and Enhancement program (STRIDE) approved by GPSC
  - Merges PRP w/Infrastructure Reinforcement \$450M over 10 years (3 yrs at a time)
  - Uses PRP Recovery mechanism to fund program
  - (\$.39/\$.39/\$.40) on top of \$1.95 for total of \$3.13
  - Through 2022
- Dec 09 – Added Marginally coated steel (102 miles)

# At What Customer Impact?

## (Success at an acceptable price!)



\* PRP + I-SRP

